

# Education & Enrollment Packet

## HSA Basics

A health savings account (HSA) is a tax-advantaged checking account that gives you the ability to save for future medical expenses or pay current ones. It is individually owned; however, you may elect to designate an authorized signer who may also withdrawal funds and be issued a debit card.

## HSA Eligibility

To be eligible to make deposits to an HSA, you:

- Must be currently enrolled in an HSA-qualified health plan;
- May not be enrolled in any other non-HSA qualified health plan;
- May not have, or be eligible to use, a general purpose flexible spending account (FSA);
- Cannot be claimed as a dependent on another person's tax return;
- May not be enrolled in Medicare, Medicaid, or Tricare;
- Must not have used VA benefits for anything other than preventative services in the past three months.

## Contributions to your HSA

The annual maximum allowable contributions to an HSA, as established by the IRS, for 2014 are:

- Individual: \$3,300
- Family: \$6,550

Individuals 55 and older can make an additional catch-up contribution of \$1,000 in 2014. A married couple can make two catch-up contributions if both spouses are eligible. The spouses must deposit the catch-up contributions into separate accounts.

The annual maximum contribution is based on a calendar year and there is no limit to the dollar balance that can build in the account over time. Contributions can come from:

- Employee pre-tax payroll withholding
- Employer contributions (non-taxable income)
- Individual contributions from account owner or other individual (tax-deductible for account holder)
- IRA or Roth IRA rollover

## Distributions from your HSA

- You, or an authorized signer, can make withdrawals (or distributions) for qualified expenses.
- Distributions from your HSA can be made by check, debit card, ATM, online bill payment or by request in-person or via the telephone.
- Distributions for qualified medical expenses are tax free.
- Distributions made for anything other than qualified medical expenses are subject to IRS tax plus a 20% penalty. The penalty is waived if the account owner is 65 or older, or due to death or disability.
- Qualified medical expenses for your spouse and your tax dependents' may be paid from your HSA, even if those individuals are not covered under your high-deductible health plan (HDHP).
- You're responsible for keeping receipts for all distributions from your HSA. The bank does not monitor how the funds are spent.

## Advantages of an HSA

### Portability:

You can take 100% of the deposited funds with you when you retire or change employers. You are the account owner.

### Flexibility:

You can choose whether to spend the money on current medical expenses or you can save your money for future use. Unused funds remain in the account from year to year and there is no "use it or lose it" provision.

### Tax Savings:

- Contributions are tax free, (pre-tax through payroll deductions or tax deductible)
- Earnings are tax free
- Funds withdrawn for eligible medical expenses are tax free.

### Premium Savings:

An HSA-qualified insurance plan tends to be less expensive than a traditional insurance plan.

## Allowable Expenses

To be a qualified medical expense, the expense has to be primarily for the diagnosis, cure, mitigation, treatment, or prevention of disease. It must be to alleviate or prevent a physical or mental defect or illness. These expenses may or may not apply to your insurance deductible depending on the coverage provided by your medical plan.

Vision and dental expenses, such as glasses, contact lenses, eye exams, dental cleanings and orthodontia are all allowable expenses from your HSA. Medical supplies such as Band-Aids, crutches, test strips, and even contact solution are allowable as well.

Insurance premiums only under the following circumstances: while receiving federal or state unemployment benefits, COBRA premiums, qualified long-term care insurance premiums, and Medicare and other health care premiums after age 65 (with the exception of Medicare supplemental policies such as Medigap).

Examples of Allowable Expenses:

- Acupuncture
- Alcoholism Treatment
- Ambulance
- Birth Control Pills
- Breast Reconstruction
- Chiropractors
- Contact Lenses
- Crutches
- Dental Treatment
- Dermatologist
- Diagnostic Devices
- Disabled Dependent Care Expenses
- Drug Addiction Treatment (inpatient)
- Eyeglasses
- Fertility Enhancement
- Guide Dog
- Gynecologist
- Hearing Aids
- Home Care
- Hospital Services
- Laboratory Fees
- LASIK Surgery
- Lodging (for out-patient treatment)
- Long-Term Care
- Medicare Deductibles
- Nursing Care
- Nursing Homes
- Obstetrician
- Operations
- Ophthalmologist
- Optician
- Optometrist
- Organ Transplant (including donor's expenses)
- Orthodontia
- Orthopedist
- Oxygen and Equipment
- Pediatrician
- Personal Care Services (chronically ill)
- Podiatrist
- Prenatal Care
- Prescription Drugs
- Prescription Medicines
- Prosthesis
- Psychiatric Care
- Smoking Cessation Programs
- Surgeon/Surgical Room Costs
- Therapy
- Transportation Expenses for Health Care Treatment
- Vaccines
- Weight Loss Programs (certain expenses if diagnosed by physician)
- Wheelchair
- Wig (for hair loss from disease)
- X-Rays

## Non-Allowable Expenses

Insurance premiums are not eligible expenses (exceptions listed above).

Costs associated with non-medically necessary treatments such as cosmetic surgery and items meant to improve one's general health (but which are not due to a specific injury, illness, or disease) such as health club dues, gym memberships, vitamins, and nutritional supplements.

Over-the-counter medications are not eligible unless you obtain a prescription from a doctor. The prescription is not required for purchase; however, retain it for your records in the event it is required by the IRS.

Examples of Non-Allowable Expenses:

- Advance Payment for Future Medical Expenses
- Automobile Insurance Premium
- Baby-sitting (healthy children)
- Commuting Expenses for the Disabled
- Controlled Substances
- Cosmetics and Hygiene Products
- Diaper Service
- Domestic Help
- Electrolysis (hair removal)
- Funeral Expenses
- Hair Transplant
- Health Club and Gym Memberships
- Household Help
- Illegal Operations and Treatments
- Illegally Procured Drugs
- Maternity Clothes
- Nutritional Supplements
- Premiums for Accident Insurance
- Premiums for HSA Qualified Health Plan
- Premiums for Life or Disability Insurance
- Scientology Counseling
- Teeth Whitening
- Travel for General Health Improvement
- Tuition in a Particular School for Problem

# Opening Your HSA Online

You'll need the following information when you begin:

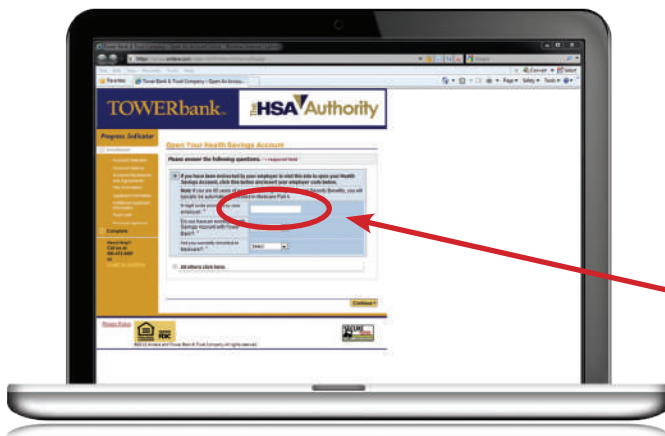
- Unexpired government issued ID for the account holder and for an authorized signer, if elected. This can be a driver's license, state-issued ID, passport, or military ID.
- The social security number and date of birth for your beneficiaries.
- The social security number and date of birth for the authorized signer, if elected.

Complete the following steps to open your account:

1. Go to [theHSAAuthority.com](http://theHSAAuthority.com) and click on the "Enroll Now" button which takes you to the enrollment program.



2. Once you're in the enrollment program, select the option "If you have been instructed by your employer..." The prompt to enter your six-digit employer code will appear. Enter the code that was provided by your employer. **If you are not with an employer group, select "All others click here."**



**Employer Name:**  
**Greenfield - Central**  
**Community Schools**

**Employer Code:**  
**137850**

3. Click the "Continue" button at the bottom of the screen to continue the account opening process.
4. Once you have successfully submitted your enrollment application, a confirmation number will appear.
5. After completing the online enrollment, you'll receive a welcome letter in the mail with your new HSA information.
6. If you requested a debit card or checks, they'll be mailed separately and will arrive following the welcome letter.

## To Access Your Account

Your Welcome Letter contains your new HSA number along with instructions for accessing Tower Bank's online banking site and telephone banking system. If you'd like assistance using these services, please call our Customer Care Center toll-free at 888.472.8697, option 1.

# Website Features

Visit [theHSAauthority.com](https://theHSAauthority.com) for cost-saving tools!

## HSA Calculators

Employees can easily compare a high-deductible health plan with an HSA to a traditional health plan and calculate the future value of their HSA.

## Health Information Links

Informational websites for individuals to compare important hospital quality data and gather reliable information on diseases, health conditions and wellness issues.

## Educational Tutorial

Pre-recorded tutorial including information about what an HSA is and how it works, how a high-deductible health plan with an HSA is different from a traditional insurance plan, eligibility rules, HSAs and retirement, and how HSAs can save you money.

## HSA Resources

- Retail pharmacy discount programs and their websites to help locate the best price possible
- Healthcare and prescription drug cost-saving strategies to assist in finding and negotiating the best price
- An expense tracking sheet available to help start tracking eligible medical expenses.

## Medtipster

Locate affordable generic drug programs available across the country with many drugs costing as little as \$4. If a medication is available at a discount, a list of pharmacies in the area is presented along with pricing. As an added value, Medtipster also offers area flu shot, immunization, and health screening searches.

## Contact Us

Contact Customer Care at 888.472.8697, option 1, or send an email to [info@theHSAauthority.com](mailto:info@theHSAauthority.com) for more information.

## HSA's at Tax Time

- You'll receive **Form 1099 SA** for your yearly distribution total and **Form 5498 SA** for your yearly contribution total. These figures are reported to the IRS and they require you to report them on IRS Form 8889 when filing your federal taxes. See IRS Publication 969 or consult your tax advisor for further information.
- You may make contributions to your HSA for the previous calendar year up to the tax filing deadline, which is normally April 15th. On your deposit, be sure to indicate that the contribution is for the previous calendar year to ensure correct processing.

## Insurance Coverage Changes

- If you start an HSA-qualified health plan mid-year, you may contribute the full annual maximum to your HSA. However, a testing rule applies to those that start a HDHP any time other than January 1st. Per the IRS, you must remain an HSA-eligible individual through December 31st of the next calendar year. If you're not sure you'll remain on the plan, you may want to pro-rate your contribution amount in order to avoid having the excess added to your gross income and an additional 10% tax on that amount.
- If your insurance coverage changes from individual to family mid-year, you're eligible for the full family contribution limit for that calendar year.
- If your insurance coverage changes from family to individual mid-year, your contribution limit will need to be pro-rated according to how many months you were on each type of insurance coverage.

### What If...

**You fill a prescription at the pharmacy and need to pay for your medication using funds from your HSA.**

1. Pay using your HSA debit card.
2. Write a check from your HSA.

**You're at the pharmacy and realize you don't have your HSA debit card or checks with you, or you don't have sufficient funds in your HSA account.**

Pay for the purchase with personal funds and later pay yourself back from HSA by:

1. Writing a check to yourself.
2. Making an ATM withdrawal.
3. Purchase non-medical items with HSA debit card equal to the medical expense, save the receipts and make notes for your records.
4. Use Online Bill Payment to mail a check to yourself.
5. Call Customer Care to request a cashier's check.

**You receive a medical bill in the mail and you do have funds available in your HSA for payment?**

*(Be sure your insurance company has already processed the bill and that you're only paying your portion of the negotiated rate.)*

1. You can typically write your HSA debit card number on the provider invoice and have the payment debited from your account.
2. Initiate an individual or recurring payment through online bill payment.
3. Mail a check from your HSA.

**You're faced with a medical emergency early in the year and you do not have enough in your HSA to cover your portion of the hospital bill?**

1. Ask to set up a payment plan. As funds are deposited into your HSA you can make payments to the provider using your HSA debit card, online bill pay, or checks.
2. Pay with another personal checking account, savings account, or credit card and then repay yourself as the funds accumulate in your HSA. Be sure to negotiate a discounted price for paying the bill in full up-front. Most providers will agree to offer a 10%-30% discount.

**You're required to pay for treatment at the time of service. Later, you receive reimbursement from the provider?**

1. Cash the check and pay for other eligible medical expenses and save those receipts.
2. Mail the check to Tower Bank for deposit into your HSA, indicating that it's a reimbursement.

**You're shopping at your local store and purchase groceries and a prescription. How should you handle the register transaction?**

1. Ring up your groceries separately from your medical purchase and use your HSA debit card or checks for the prescription only.
2. Pay for everything with cash, personal credit card, personal debit card, or personal check, then repay yourself for the medical portion of the purchase later from your HSA funds.



## Product Features

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|--|---|
| <b>Enrollment Fee</b>  | <b>Free</b> online enrollment; \$14.99 for paper enrollment   |
| <b>Minimum Opening Balance</b>                               | None  |
| <b>Annual Fee</b>  | None  |
| <b>Service Charge</b>  | No monthly service charge   |
| <b>Statement Options</b>                                     | Online or paper statements available  |
| <b>Interest Rates</b>  | Interest rates may vary based on account balance and statement type (online or paper); rates subject to change; refer to our website for information or call our Customer Care Center |
| <b>Annual IRS Reporting and Updates</b>                      | 5498-SA (contributions), 1099-SA (distributions), and adjustments for prior year contributions  |
| <b>24/7 Automated Telephone Banking</b>                      | Toll-free number 888.743.0737   |
| <b>Deposit Processing</b>                                    | Automatic deposit, mail in service, or in-person at any Tower Bank location   |
| <b>Online Banking</b>  | View statement, account activity, balance, and front and back of paid checks all at no charge   |
| <b>Online Bill Pay</b>                                       | Pay bills online through online banking for nominal fee per transaction; refer to bank fee schedule   |
| <b>Debit Card</b>  | Up to two cards free for account owner and authorized signer  |
| <b>ATM Access</b>  | Free ATM withdrawals at any Tower Bank ATM; fees will apply for ATM withdrawals at non-Tower ATM's; refer to bank fee schedule  |
| <b>Check Fees</b>  | No per-check fees; see website for current printing fee per order of 50 checks  |
| <b>Certificate of Deposit Options</b>                        | Available; call for current rates and terms; FDIC insured   |
| <b>Investment Options</b>                                    | Available; call for more information; not FDIC insured  |
| <b>Miscellaneous Services</b>                                | Manual Account Opening: \$20.00; HSA Excess Contribution Distribution: \$20.00; Account Closing/Rollover/Transfer: \$20.00  |
| <b>Standard Bank Services</b><br>(overdraft, stop pay, etc.) | Refer to the bank fee schedule on our website or call our Customer Care Center  |

## Customer Care Center

For account opening instructions, see insert or visit our website at **theHSAauthority.com**.

**Address:** The HSA Authority; ATTN: Processing Center; PO Box 11454; Fort Wayne, IN 46858

**Email:** [info@theHSAauthority.com](mailto:info@theHSAauthority.com)

**Phone:** 888.472.8697, option 1, 8:00 am – 6:00 pm ET, Monday through Friday

**Online Chat:** Available through Online Banking, 8:00 am – 5:00 pm ET, Monday through Friday